

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

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APR 09 2004

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY



WS-02672A
Cloud Nine Water Company Inc.-Water Division
111 Moonglow
Sierra Vista AZ 85635

ANNUAL REPORT

FOR YEAR ENDING

12	31	2003
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FOR COMMISSION USE

Ann04	03
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COMPANY INFORMATION

Company Name (Business Name) <u>Cloud Nine Water Company, Inc.</u>		
Mailing Address <u>111 Moonglow</u>		
<u>(Street)</u>	<u>AZ</u>	<u>85635</u>
<u>Sierra Vista</u>	<u>(State)</u>	<u>(Zip)</u>
<u>(City)</u>		
<u>520-458-5854</u>	<u>520-458-4532</u>	<u>N/A</u>
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>N/A</u>		
Local Office Mailing Address <u>111 Moonglow</u>		
<u>(Street)</u>	<u>AZ</u>	<u>85635</u>
<u>Sierra Vista</u>	<u>(State)</u>	<u>(Zip)</u>
<u>(City)</u>		
<u>520-458-5854</u>	<u>520-458-4532</u>	<u>N/A</u>
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>N/A</u>		

MANAGEMENT INFORMATION

Management Contact: <u>Ursula Guttry</u>		<u>Vice-President</u>	
<u>(Name)</u>	<u>(Title)</u>		
<u>111 Moonglow</u>	<u>Sierra Vista</u>	<u>AZ</u>	<u>85635</u>
<u>(Street)</u>	<u>(City)</u>	<u>(State)</u>	<u>(Zip)</u>
<u>520-458-5854</u>	<u>520-458-4532</u>	<u>N/A</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>N/A</u>			
On Site Manager: <u>Ursula Guttry</u>			
<u>(Name)</u>			
<u>111 Moonglow</u>	<u>Sierra Vista</u>	<u>AZ</u>	<u>85635</u>
<u>(Street)</u>	<u>(City)</u>	<u>(State)</u>	<u>(Zip)</u>
<u>520-458-5854</u>	<u>520-458-4532</u>	<u>N/A</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>N/A</u>			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Eugene C. Gieseler			
(Name)			
3040 E. Sunrise Dr., Ste. 200	Tucson	AZ	85718
(Street)	(City)	(State)	(Zip)
520-792-1181	520-792-2859	N/A	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Attorney: Eugene C. Gieseler			
(Name)			
3040 E. Sunrise Dr., Ste. 200	Tucson	AZ	85718
(Street)	(City)	(State)	(Zip)
520-792-1181	520-792-2859	N/A	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input checked="" type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE | <input checked="" type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

Cloud Nine Water Company, Inc.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	50,000.00	15,104.29	34,895.71
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	18,720.00	11,271.00	7,449.00
311	Pumping Equipment	46,920.00	28,264.09	18,655.91
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	58,755.00	35,377.00	23,378.00
331	Transmission and Distribution Mains	23,805.00	14,338.00	9,467.00
333	Services			
334	Meters and Meter Installations	315.00	293.88	21.12
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	1,485.00	892.00	593.00
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	200,000.00	105,540.26	94,459.74

This amount goes on the Balance Sheet Acct. No. 108



COMPANY NAME

Cloud Nine Water Company, Inc.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	50,000.00	2.5%	1,250.00
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	18,720.00	5%	936.00
311	Pumping Equipment	46,920.00	5%	2,348.00
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	58,755.00	5%	2,938.00
331	Transmission and Distribution Mains	23,805.00	5%	1,191.00
333	Services			
334	Meters and Meter Installations	315.00		0.00
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	1,485.00	5%	74.00
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	200,000.00		8,737.00

This amount goes on Comparative Statement of Income and Expense _____
 Acct. No. 403.

COMPANY NAME Cloud Nine Water Company, Inc.

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 1,522.17	\$ 908.85
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		1,099.48
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 1,522.17	\$ 1,408.33
	FIXED ASSETS		
101	Utility Plant in Service	\$ 200,000.00	\$ 200,000.00
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(96,803.26)	(105,540.26)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 103,196.74	\$ 94,459.74
	TOTAL ASSETS	\$ 104,718.91	\$ 95,868.07

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 3,503.29	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes	66.77	389.73
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 3,570.06	\$ 389.73
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 3,570.06	\$ 389.73
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 200,000.00	\$200,000.00
211	Paid in Capital in Excess of Par Value		3,503.29
215	Retained Earnings	(98,851.15)	(108,024.95)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 101,148.85	\$ 95,478.34
	TOTAL LIABILITIES AND CAPITAL	\$ 104,718.91	\$ 95,868.07

COMPANY NAME

Cloud Nine Water Company, Inc.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 16,154.55	\$ 17,213.74
460	Unmetered Water Revenue		
474	Other Water Revenues		410.00
	TOTAL REVENUES	\$ 16,154.55	\$ 17,623.74
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	15,660.74	13,859.39
618	Chemicals		
620	Repairs and Maintenance	74.70	
621	Office Supplies and Expense	182.00	267.99
630	Outside Services	950.00	
635	Water Testing	2,424.87	1,250.00
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	109.54	518.56
403	Depreciation Expense	8,737.00	8,737.00
408	Taxes Other Than Income	(6.60)	137.26
408.11	Property Taxes	881.64	2,027.34
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 29,013.89	\$ 26,797.54
	OPERATING INCOME/(LOSS)	\$ (12,859.34)	\$ (9,173.80)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income	140.00	
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 140.00	\$
	NET INCOME/(LOSS)	\$ (12,719.34)	\$ (9,173.80)

COMPANY NAME Cloud Nine Water Company, Inc.
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SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End	\$ 0
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Meter Deposits Refunded During the Test Year	\$ 0
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COMPANY NAME

Cloud Nine Water Company, Inc.

WATER COMPANY PLANT DESCRIPTION**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
	30			4"		
	40			4"		

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
05	1		
15	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
300,000	1	20,000 ea	2
20,000	1		

COMPANY NAME Cloud Nine Water Company, Inc.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	4"	400
3		500
4		
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	9
3/4	
1	
1 1/2	2
2	1
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

Buster Pumps	Storage Tank	Pressure Tanks
	Capacity	
Horsepower: 5	300,000	2 X 20,000 ea
15	20,000	

STRUCTURES:

OTHER:

COMPANY NAME: Cloud Nine Water Company, Inc.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2003

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY			808,800
FEBRUARY			906,200
MARCH			917,000
APRIL			1,000,400
MAY			1,140,000
JUNE			1,250,010
JULY			1,291,600
AUGUST			1,325,100
SEPTEMBER			1,694,100
OCTOBER			916,400
NOVEMBER			800,500
DECEMBER			810,200
TOTAL		N/A	12,860,310

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(x) Yes () No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (x) No

If yes, provide the GPCPD amount:_____

What is the level of arsenic for each well on your system. _____0_____mg/l

(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Cloud Nine Water Company, Inc. YEAR ENDING 12/31/2003

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2003 was: \$ 2,027.34

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE

CLOUD 9 WATER COMPANY, INC.

90 RAINBOW WAY 458-5855
SIERRA VISTA, AZ 85635

02 949-16-830-02-7 ETC

1638

Pay to the
order of

Marsha Bonham-C. Treasurer

March 17, 2003

\$ 881.64

1,205.44 STS

Dollars

91-170/1221



Bank of America

Sierra Vista Branch 08524

3148 E. Fry Blvd.

Sierra Vista, AZ 85635

257-0001 In Phoenix, 1-800-284-8491 Nationwide

For 2nd Half 2002 Prop Taxes

Veronica Gittrey

⑈001638⑈

⑆122101706⑆

073⑈784184⑈

⑈0000088164⑈

FOR DEPOSIT ONLY
CHECKS MUST BE DEPOSITED
IN THIS BOX
IF YOU DO NOT SEE THIS BOX
DOCUMENT AND NO DEPOSIT

MS DATE 04/28/03 01 P01
04282003
0000750700

BANK ONE, NA
⑈1119⑆1331⑈
04282003

54477

DEPOSIT ONLY
BANK ONE, NA
04282003

6064 24409

21337294 122100024
PAY TO THE ORDER OF
019 BANK ONE 019
042803
FOR DEPOSIT ON
MARSHA BONHAM TREASURER
TAX COLLECTOR - COURSE CNT
RESERVED FOR FINANCIAL INSTITUTION USE

COMPANY NAME Cloud Nine Water Company, Inc.

YEAR ENDING 12/31/2003

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported
Estimated or Actual Federal Tax Liability(9,174)
0State Taxable Income Reported
Estimated or Actual State Tax Liability(9,174)
0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances
Amount of Gross-Up Tax Collected
Total Grossed-Up Contributions/AdvancesN/A
N/A
N/A

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATUREMarch 30, 2004
DATEUrsula Guttery
PRINTED NAMEVice-President
TITLE**RECEIVED**

APR 09 2004

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

APR 09 2004

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Cochise
NAME (OWNER OR OFFICIAL) TITLE Ursula Guttry, Vice-President
COMPANY NAME Cloud Nine Water Company, Inc.

**ARIZONA CORPORATION COMMISSION
DIRECTOR OF UTILITIES**

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2003

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2003 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 18,766.54

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 1,142.80
IN SALES TAXES BILLED, OR COLLECTED**

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

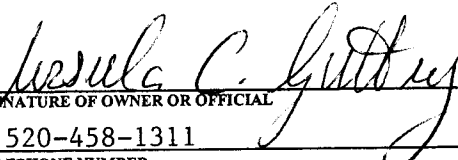
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 30th **DAY OF**

(SEAL)

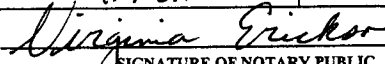
MY COMMISSION EXPIRES 5/14/07



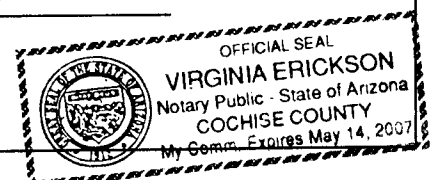
SIGNATURE OF OWNER OR OFFICIAL
520-458-1311

TELEPHONE NUMBER

COUNTY NAME COCHISE	
MONTH MARCH	2004



SIGNATURE OF NOTARY PUBLIC



VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

RECEIVED

APR 09 2004

VERIFICATION

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) Cochise	
NAME (OWNER OR OFFICIAL) Ursula Guttry	TITLE Vice-President
COMPANY NAME Cloud Nine Water Company, Inc.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2003

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT


IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2003 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 18,766.54

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 1,142.80
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.


SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

30th

DAY OF

NOTARY PUBLIC NAME VIRGINIA ERICKSON	
COUNTY NAME COCHISE	
MONTH MARCH	2003

(SEAL)

MY COMMISSION EXPIRES 5/14/07

X 